



## STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board

Pete T. Cenarrusa, Secretary of State

Alan G. Lance, Attorney General

J. D. Williams, State Controller

Marilyn Howard, Superintendent of Public Instruction

Stanley F. Hamilton, Secretary to the Board

### FINAL MINUTES Regular Land Board Meeting February 8, 2000 9:00 AM

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 8, 2000 in Boise, Idaho. The Honorable Dirk Kempthorne presided. The following members were present:

Honorable Secretary of State Pete T. Cenarrusa

Honorable Attorney General Alan G. Lance

Honorable Superintendent of Public Instruction Marilyn Howard

Secretary to the Board Stanley F. Hamilton

State Controller J. D. Williams participated in portions of the meeting via a conference phone connection.

#### □ **CONSENT AGENDA**

**Director Hamilton provided background information on the Consent Agenda items.**

**A motion was made by Attorney General Lance to approve the Consent Agenda in its entirety. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.**

#### **1. Official Transactions – approved**

- A. Interest Rate Report
- B. Bureau of Range Management and Surface Leasing Official Transactions for Cropland, Grazing, Cottage Site, Miscellaneous and Submerged Land Leases – December 1999
- C. Bureau of Real Estate, Land Sale Section – December 1999
- D. Bureau of Real Estate, Easement Section – December 1999
- E. Timber Sale Official Transactions for the period December 23, 1999 through January 27, 2000

#### **2. Timber Sales, staffed by Ron Litz, Chief, Bureau of Forest Management – approved**

- |              |                     |           |
|--------------|---------------------|-----------|
| A. CR-1-0307 | Chase Estates       | 2,100 MBF |
| B. CR-1-0311 | Chase Flat          | 1,330 MBF |
| C. CR-3-0457 | Thompson Bugs       | 5,850 MBF |
| D. CR-3-0460 | Lindstrom Peak Bugs | 3,350 MBF |
| E. CR-5-0095 | Falldust            | 5,710 MBF |

#### **3. Minutes – approved**

- A. Regular Land Board Meeting – January 11, 2000

**4. Crown Pacific/State of Idaho Proposed Land Exchange – Request for Conceptual Approval, staffed by Perry A. Whittaker, Chief, Bureau of Real Estate – approved**

*DEPARTMENT RECOMMENDATION:* Staff requests conceptual approval to initiate a timber cruise, appraisals and a public hearing. Once a final package has been developed staff will seek final board approval to complete the exchange package.

*BOARD ACTION:* Approved.

**5. Application for Extension of Geothermal Resource Lease Nos. H-479 and H-482 – F. Joe Kanta, staffed by Sharon Murray, Mineral Leasing Specialist – approved**

*DEPARTMENT RECOMMENDATION:* Approve extension of two geothermal resource leases for an additional five-year period (expiration date: February 28, 2005). Rental will be as provided in the rules for lease extension, \$3.00 per acre per year.

*BOARD ACTION:* Approved.

**□ REGULAR AGENDA**

**6. Director's Report, presented by Stanley F. Hamilton, Director, Department of Lands**

Director Hamilton stated this month's Director's Report contains information about the growth of the principal fund. (*Mineral refunds made pursuant to the Supreme Court ruling are reflected.*)

Balances as of December 31, 1999:

✓ Permanent Fund	\$798.8 million
✓ Public School	\$547.7 million
✓ Other eight endowments	\$251.1 million

The report also shows Permanent Endowment Contributions by Beneficiary. The table shows the monthly cumulative amount for each endowment along with a report showing the contributions distributed directly to beneficiaries through the income fund. Next month updated figures will be presented to the board.

No action taken on this agenda item.

**7. Audience with the Board – Mike Medberry, American Lands Alliance, regarding President Clinton's Roadless Initiative – deferred one month**

*DISCUSSION:* Attorney General Lance requested that this audience with the board be deferred for one month due to current litigation.

*BOARD ACTION:* Deferred one month.

**8. Federal Lands Task Force – Update on Current Activities, presented by John McGee, Coordinator, FLTF Implementation Team**

John McGee provided an update on the Federal Lands Task Force working group. The working group has developed a mission statement:

*"The Federal lands Task Force Work Group will develop pilot projects testing the Federal Lands Task Force Report action alternative(s) for managing federally administered lands and will assist in pilot project implementation including but not limited to legislation, regulations, policy and public education and information."*

The working group is on schedule and expects to present a recommendation report, as required by contract, to the board at the July 11<sup>th</sup>, 2000 Land Board meeting.

*DISCUSSION:* Attorney General Lance stated he has received information that Phil Church, one of the Working Group members, has accepted a different position and will be leaving the group. He suggested asking Senator Danielson or Representative Cuddy if they have a nominee in mind to replace Mr. Church.

Director Hamilton offered a side comment that Mr. Church has devoted countless hours to both the previous and current task force. His continued input would be very valuable. The board may want to consider expanding the group. Director Hamilton feels there should be a replacement for Mr. Church's constituency.

No action taken on this agenda item.

**9. Appeal of Auctions for Leases G-7213 and 7222 – Diamond A Livestock, presented by Tracy Behrens, Range Management Specialist – approved**

*DEPARTMENT RECOMMENDATION:* The department recommends that the board reject the appeal filed by Diamond A Livestock and accept the high bids of \$750 and \$1800 submitted by IWP for grazing leases G-7213 and G-7222, respectively. The department further recommends that IWP be issued one lease for 5223.53 acres providing 617 AUMs. The lease will include a management statement based on the proposal submitted by IWP and that meets the department objectives as identified in the Resource Assessment for the lands. As indicated in the management proposal submitted by IWP, the lease will also require that IWP continue with the current allotment management as administered by the Forest Service subject to any mutually agreed upon modifications.

*DISCUSSION:* At the last meeting, Gary Richardson, Friends of Lime Creek, presented black and white photographs of the Lime Creek area to board members. At this meeting, Mr. Richardson provided replacement color photographs to be included in the official record. Friends of Lime Creek are concerned about riparian damage to Lime Creek by livestock grazing. Director Hamilton distributed the color photographs to board members.

Secretary of State Cenarrusa asked if there would be no minimum requirement of livestock on the state-owned lands. Mr. Behrens responded IDL would issue the lease for 617 AUMs. Based on IDL's recommendation, IWP would work with the Forest Service to secure a term permit agreement. However, there would not be any requirement by the Forest Service nor by the state that the state land be stocked at that level. In essence there would be 617 fewer AUMs removed from the allotment than is currently authorized.

At this point, Warren Ririe, Livestock Management Specialist for the Boise and Sawtooth National Forests, joined the discussion. Secretary of State Cenarrusa asked Mr. Ririe if on the forestlands the Forest Service would still require the 90% threshold of use on the permit. Mr. Ririe said yes. The conditions of the term grazing permit on the national forest system land would remain the same. In fact, the permittee would have to stock the permit at 90% or request non-use for personal preference reasons. Non-use can be granted for the preference or personal reasons of the permittee for a period of up to three years at a time.

Attorney General Lance asked Mr. Behrens if approval of the board has to be sought before any improvements are placed on state land. Mr. Behrens stated that is correct. Any improvements placed on state land do require prior authority.

Attorney General Lance stated the basis for his question is a newspaper article he read that indicated there might be fencing out of riparian areas, which he feels would be inconsistent with a grazing lease. The board would like to review improvements to state land on a case-by-case basis before any blanket approval is given for improvements of that nature.

Secretary of State Cenarrusa asked Mr. Behrens to point out any fenced locations on the map. Mr. Behrens informed the board that there are no improvements on the state land. The agreement reached is that there are other improvements on the allotment that are needed for the benefit of the entire allotment. When a leaseholder enters into a term agreement with the Forest Service that leaseholder agrees to maintain a proportional amount of the improvements, whether the improvements are on state land, private land or Forest Service land. Mr. Behrens stated he is unable to address specific locations of improvements that would require maintenance. However, he stated there are no improvements on state land that would allow improvement credit.

Secretary of State Cenarrusa asked what would keep the livestock grazing on forestlands from entering state lands. Mr. Behrens stated at this time there is nothing. The lands are grazed in common. Mr. Behrens further stated it is his understanding that the livestock are turned onto one half of the allotment at the beginning of the year and the cattle are migrated up to the higher elevations. The cattle then cross over to the adjacent pasture and move their way down. The whole idea of the cooperative agreement is that there is no need to fence each ownership separately because the cattle are grazed in common as one large allotment. There would not be any barrier to keep livestock on Forest Service land from entering onto state land unless the state authorized a fence to be built on the boundary. At this time, the option of a constructed barrier is not being entertained.

Secretary of State Cenarrusa asked what would happen if IWP put cattle on the state land. He asked what would prohibit those cattle from entering the forestlands. Mr. Behrens responded the term permit agreement that IWP would reach with the Forest Service would recognize the fact that the state lands would be grazed in common. It would allow 617 AUMs (approximately 120± cows) on the allotment. The land would be managed in conjunction with the Forest Service allotment so that all the livestock would follow the same grazing pattern. If IWP were to put animals on the allotment the animals would be put out at the same time as Diamond A livestock and would be rotated through the allotment similar to Diamond A livestock.

Secretary of State Cenarrusa commented that this would cause a reduction of the numbers by Diamond A. Mr. Ririe responded that this would be an overall reduction on the allotment of approximately 120 head of cattle, which if IWP chooses not to place those cattle on state land that has the affect of reducing the overall number on the total allotment. It would not reduce the number of cattle that are permitted on national forest system land or the number of cattle that are permitted on the Bureau of Land Management land within the allotment. But the overall total of livestock grazed in common under the management plan would be reduced.

Secretary of State Cenarrusa asked Mr. Ririe if cattle going onto the forest or BLM lands would increase the numbers on the forestlands. Mr. Ririe responded the purpose of the private land permit is to specifically recognize the exchange of use between, in this case, the state leased lands and the rest of the lands in the allotment. The intent with a private land permit and a cooperative management agreement is for all of the cattle, regardless of ownership or permitting agency, to be run in common across the whole unit. In essence the management strategy for the allotment is based upon the common grazing capacity of all of the land ownerships. Any one of the agencies or private individuals holding leases within the grazing allotment can choose to reduce their portion of the grazing use that takes place within the common allotment. That would have the affect of reducing the grazing impacts across the entire allotment rather than on one specific piece of ownership or one specific piece of land within the allotment.

At this time, Governor Kempthorne asked Mr. Faulkner if he wished to comment. Mr. Faulkner did not wish to comment. Governor Kempthorne then asked if there was anyone in the audience representing

IWP. There was no response. Governor Kempthorne next asked Mr. Gary Richardson, Friends of Lime Creek, if he wished to comment. Mr. Richardson did not wish to comment.

Secretary of State Cenarrusa observed that this allotment has been set up for years and is a family-run livestock operation. He feels adding another entity to the allotment could disrupt Diamond A's operation. Diamond A has already reduced livestock numbers and conditions are improving on the allotment. Secretary of State Cenarrusa feels the lease should be retained in livestock operation. He commented it is tough enough for agricultural and ranching businesses to entice young people to get into the livestock business, which further causes concerns. Young people find they have to move out and get jobs in the urban areas thus disrupting family life.

Secretary of State Cenarrusa went on to say that the rancher has to pay bills. He has to have an optimum situation. By taking the state lands away, this would not be an optimum situation. The rancher sends his children to school. He pays his taxes and he is a good citizen of the rural areas. We need this support for the towns. Secretary of State Cenarrusa stated he would oppose taking this state lease away from the rancher and giving it to a non-rancher. The board has no idea what the non-rancher will do with the property.

Attorney General Lance commented he agrees with much of what Secretary of State Cenarrusa has stated. However, circumstances are such that if in fact this parcel were important to the entire integrated use of the management area then his consideration would be different. Given the record before the board, Attorney General Lance said he would move to accept the recommendation of the department.

**BOARD ACTION:** A motion was made by Attorney General Lance to accept the department recommendation. Superintendent Howard seconded the motion. The motion carried on a vote of 3-2. Attorney General Lance, Superintendent Howard and Controller Williams voted aye; Governor Kempthorne and Secretary of State Cenarrusa voted nay.

## **10. Results of Auctions on Lease G-6142 – Owyhee Calcium Products, presented by Tracy Behrens, Range Management Specialist – approved**

### **DEPARTMENT RECOMMENDATION:**

1. The department recommends that the board accept the high bid of \$5600 submitted by Owyhee Calcium Products for the 818 acres in the Rough Mountain unit. Owyhee Calcium will be issued a new 10-year lease for 100 AUMs. The lease will include a management statement based on the proposal submitted by Owyhee Calcium and that meets the department objectives as identified in the department Resource Assessment for the lands. In accordance with standard department procedures, a revised management proposal would be required by a new lessee to complete any lease assignment.
2. The department recommends that the board accept the high bid of \$500 submitted by John Carothers for the 80 acres of state land in the Castle Creek allotment. Mr. Carothers will be issued a new 10-year lease for seven AUMs. The lease will include a management statement based on the proposal submitted by Mr. Carothers and that meets the department objectives as identified in the department Resource Assessment for the lands. Any fences constructed on the leased land would be for the lessee's benefit only and no improvement credit would be allowed.

**DISCUSSION:** None.

**BOARD ACTION:** A motion was made by Attorney General Lance to accept the recommendation of the department. Superintendent Howard seconded the motion. The motion carried on a vote of 4-0. State Controller Williams did not participate in this vote.

**11. Reclassify Grazing Land to Wildlife Habitat – Fish and Game Lease G-6381, presented by Tracy Behrens, Range Management Specialist – deferred one month**

*DEPARTMENT RECOMMENDATION:* The department recommends that the lands in expiring grazing lease G-6381 be reclassified from General Management Zone – Range Grazing to Special Management Zone – Designated Wildlife Management Area. Upon reclassification, the department will issue a 10-year Miscellaneous Lease for 640 acres to IDFG. Rental for the miscellaneous lease will be set at \$450.00 for calendar year 2000 and will be subject to an annual adjustment based on the Consumer Price Index. The lease will include a management agreement based on the management proposal submitted by the applicant and agreed to by the department.

*DISCUSSION:* Attorney General Lance suggested selling instead of leasing the property. Mr. Behrens responded sale of the parcel is a possibility, if that is the direction of the board. Standard procedures would be followed, i.e., property appraisal, public auction and public comment. Director Hamilton added land exchange is another alternative.

Attorney General Lance asked that discussion of this agenda item be held over to the next regular Land Board meeting [March 14, 2000]. He feels that going through all the paperwork for \$450.00 per year does not make sense. If Fish and Game wants the property they can bid on it and buy it; if someone else wants the property they can bid on it and buy it or possibly the asset can be exchanged for additional properties, timberland or something of that nature, somewhere else.

*BOARD ACTION:* Deferred one month.

**12. Request to Enter RFP Process – Seven (7) Acres at Vista Avenue and Airport Way, presented by Bryce Taylor, Chief, Bureau of Range Management/Surface Leasing – approved**

*DEPARTMENT RECOMMENDATION:* Authorize the department to prepare and offer a Request for Proposals (RFP) for the approximately seven acres of endowment land at Vista and Airport Way. Staff would work with counsel to develop the RFP, which would be patterned after the recent RFP for a potential ski hill at Lake Cascade. The RFP would solicit proposals for surface uses of parking lots and car rental facilities and would also allow proposals for a land exchange.

*DISCUSSION:* Director Hamilton advised the board he recently received a telephone call from John Anderson, Executive Officer for the Airport Commission. Mr. Anderson expressed interest in this property. There is a section in Idaho Code that allows the board to enter into a lease with a governmental entity through negotiation. The department will be speaking with Mr. Anderson either as a function of the RFP or as a function of direct negotiations.

Mr. Taylor commented Boise City Airport owns all of the property to the west of the state property. They have placed some significant developments on their land and they are obviously interested in protecting their holdings.

Governor Kempthorne commented he would encourage discussions with the airport.

*BOARD ACTION:* A motion was made by Attorney General Lance to allow the department to pursue negotiations with the Airport Authority. However, in the event those negotiations are not successful, that the board approve the department's request to enter into the RFP process as a standby position. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

**13. Marsing Job Corps Site Surplus Property – Exchange Status and Request for Sale, presented by Perry A. Whittaker, Chief, Bureau of Real Estate – alternative #3 approved**

Disposal alternatives considered by the board:

Alternative 1 – Re-offer the 52.51-acre property for sale at \$680,000 with 10% down and the balance over 20 years at the interest rate in effect at the time of sale. This alternative was tabled July 13, 1999 by Land Board staff because of the proposed land sale terms. Another alternative is to offer the property at that price based on terms of 10% down with the balance due within 90 days.

Alternative 2 – Department staff, in an effort to provide the board additional information, have coordinated with private sector salvage entities to determine an approximate value of the existing structures from a salvage right standpoint. Based on that analysis there is a possibility that the buildings may have a negative value depending on the future use of the property and the number of buildings to be removed.

Alternative 3 – Offer the 52.51-acre property for sale at public auction at a minimum bid of \$264,000. The terms of sale would be 10% down with the balance to be financed over a 20-year period at the interest in effect on the day of sale. Another alternative would be to offer at that price based on terms of 10% down with the balance due within 90 days. This price represents the estimated value of the land as if vacant. This proposal was presented to the board on October 12, 1999; however, the proposal was not approved. This is a minimal price that would hopefully encourage some bidding at public auction. The property could also be offered as a 43.51-acre parcel in the amount of \$174,000 and as a 9-acre parcel in the amount of \$90,000 for the same terms as described above with the property ultimately sold based on the sale package providing the most money. Sale of the waterfront parcel would be contingent upon the sale of the non-waterfront parcel first.

**DEPARTMENT RECOMMENDATION:** Department staff believes that Alternative No. 3 is the most realistic at this time.

**DISCUSSION:** Secretary of State Cenarrusa asked if any consideration was given to use of the site in connection with the Department of Corrections or Probation and Parole as a halfway house for inmates. At this time, Mr. Tom Parker, Department of Fish and Game, addressed the board. Mr. Parker stated the site was considered by the Sheriff's Department. Also all state agencies were notified. Several different law enforcement agencies looked at the site. However, the amount of work needed to bring the site up to standard is substantial and that factor seemed to be the detriment to using the site for those kinds of uses.

Governor Kempthorne next asked Mr. Tracy Silver if he wished to comment. Mr. Silver stated his group is still in earnest. It bothers the members of his group that something can not be done to facilitate his earlier proposed land exchange. He feels his suggested exchange is being downplayed. He commented he feels his property in Grandview would be more marketable than the Marsing site, which still has not been sold after two years.

Governor Kempthorne acknowledged the good faith effort on Mr. Silver's part to accomplish this land exchange. He commented that Mr. Silver presented a worthy effort to the board.

**BOARD ACTION:** A motion was made by Secretary of State Cenarrusa to accept the department's alternative number 3. State Controller Williams seconded the motion. The motion carried on a vote of 4-0, with Attorney General Lance being absent for this vote.

**14. Budget Restructure Update**, presented by Stanley F. Hamilton, Director, and Sheri Wakagawa, Fiscal Officer, Department of Lands

Director Hamilton advised the board that the department has been converting its entire budget structure to accommodate the constitutional amendments that took place a couple of years ago. Those amendments basically divide the agency into two parts: endowment management programs and non-endowment management programs.

Sheri Wakagawa, Fiscal Officer, Department of Lands, has been working on the budget restructure. Mrs. Wakagawa briefly discussed the department's current and proposed accounting structure for the five major programs.

Director Hamilton and State Controller Williams both commended Mrs. Wakagawa on a job well done.

No action taken on this agenda item.

#### ❑ **INFORMATION AGENDA**

**Director Hamilton briefed the Land Board on the Information Agenda items. No Land Board action is required on the Information Agenda.**

#### **15. Timber Sale Activity Report**

#### **16. Millennium Bug Salvage Sale**

- A motion was made by Attorney General Lance to resolve into Executive Session at 10:30 a.m. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

#### ❑ **EXECUTIVE SESSION**

#### **17. Potential Litigation**, *presented by Clive Strong, Deputy Attorney General, Natural Resources Division*

- A motion was made by Attorney General Lance to resolve back into Regular Session at 11:00 a.m. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 4-0 with Controller Williams absent.

There being no further business before the board, the meeting adjourned at 11:00 a.m.

IDAHO STATE BOARD OF LAND COMMISSIONERS

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/s/

President, State Board of Land Commissioners and  
Governor of the State of Idaho

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/s/

Pete T. Cenarrusa  
Secretary of State

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/s/

Stanley F. Hamilton  
Director

**The above-listed final minutes were approved by the State Board of Land Commissioners at the March 14, 2000 regular Land Board meeting.**